

[Thinking Inside the \(Green\) Box: Targeted Tax Incentives for Small Green Businesses](#)

By Lieutenant Governor John Garamendi CleanTechnica.com: As a lifelong Central Valley rancher, I know all too well that our food supply and energy demands are interconnected. When California faced record high gas prices last summer, my small ranch felt the impact when we received bills for transportation costs.

Our state's seemingly yearly succession of droughts, a phenomenon predicted by current understandings of climate change, have forced me to cut back on production, impacting my family, my employees, and the local community.

Those of us who work on the land are often the first to recognize that global economic and ecological shifts have an impact on the local level, and yet, it is often on the local level where we can have the greatest global impact.

The Commission for Economic Development, which I chair, released its annual report this week, offering economic development strategies for California lawmakers as they pursue policies that can best help promote new employment in California. After extensive meetings with commission members and stakeholders, and after a thorough examination of the final report, I am convinced that California should consider the creation of targeted tax incentives for small green businesses that can deliver on the creation of new green collar employment opportunities for Californians.

The need to offer incentives to start-up and small green businesses is clear. President Barack Obama's stimulus package calls for doubling our nation's renewable energy capacity in three years.



Plenty of manufacturing and installation jobs will be available as a result of this plan, and combined with California's commitment to reducing our state's emissions to 1990 levels by 2020, the introduction of targeted tax incentives for green businesses will help create and cultivate innovative companies in a state desperately in need of new employment. With California facing a 10.1 percent unemployment rate, the highest in over a quarter century, we must attract businesses that will employ locally and have a sustainable long-term vision, substantially increasing our net tax revenue potential in the process.

When I visited the World Ag Expo last month in Tulare, I discovered "Green Boxes," a product manufactured by a local start-up called EnergyRecyclers. Nominated one of the Top 10 New Products of 2009 by the World Ag Expo, the Green Boxes optimize the energy usage of industrial equipment, leading to a cost savings for the producer or farmer while simultaneously reducing demand on California's strained energy grid and reducing our dependence on fossil fuels.

EnergyRecyclers is the type of company California must continue to attract and nurture if we hope to remain as competitive in the 21st century as we were in the 20th century. California's innovation did not come through luck but through the mutual willingness of the public and private sectors to invest in our economic and educational infrastructure. Our leadership in stem cell research and Internet technologies came about in part through sound state investments. It's time for us to think outside the box (or perhaps think inside the Green Box), get people back to work, and continue to accelerate the Golden State's green transformation.